



H.R. 2359 – SBA Entrepreneurial Development Programs Act of 2007

Floor Situation

H.R. 2359 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative Joe Sestak (D-PA) on May 17, 2007, and was reported by the House Committee on Small Business on June 15, 2007.

H.R. 2359 is expected to be considered on the floor on June 18, 2007.

Summary

H.R. 2359:

- Defines a Small Business Development Center (SBDC) as an entity that receives funds from the Small Business Administration (SBA) and delivers the services required by the SBA of SBDCs.

**Note: The SBDC program has been in existence for over 25 years but without a clear definition of what an SBDC is.*
- Requires that institutions of higher learning that operate SBDCs must be accredited.
- Requires that negotiations for SBDC grants must be “mutually agreed to” by both the SBA and the grantee.
- Permits SBDCs to hire their staff independently, without “interference from, and without influence by, any officer or employee of the Administration.”
- Enhances privacy protections for small business owners that seek the advice or counsel of SBDCs by guaranteeing that information revealed in a consultation will remain confidential.
- Authorizes SBDCs to exceed their spending caps if additional funds are needed to operate outside of their home state in the event of a disaster.
- Authorizes a survey of SBDC clients to evaluate how many of them have access to broadband services.

- Authorizes competitive grants that SBDCs may apply for to create a specialized program in one of the areas of services that SBDCs offer. The grants are subject to appropriation, and would require a separate appropriation for each grant program. The Authorized Grant programs include:
- Capital Access Initiative: Grants of \$100,000 - \$300,000 for each fiscal year for an SBDC to provide: capital education, company assessments, company risk analysis, help preparing capital requests, and ongoing assistance once capital is secured.
 - Disaster Recovery Program: Grants of at least \$50,000 (no specified maximum amount) for an SBDC to:
 - Serve in a partnership with disaster center response teams as a locally based resource for first responders,
 - Send personnel into a disaster area for immediate response, processing applications, developing and evaluating recovery business models,
 - Participating in national disaster training, and;
 - Developing specific state-level disaster response plans.
 - Innovation and Competitiveness Services to Manufacturers Initiative: Grants of \$150,000 - \$500,000 for an SBDC to: develop and disseminate best practices toolkits, launch a nationally based but common themed marketing program, targeted at small manufacturers, and to conduct outreach to increase the levels of innovation and competitiveness, focusing on business advisement and training for manufacturers.
 - Mature Entrepreneurs Assistance Program: Grants of \$175,000 - \$350,000 for an SBDC to: provide training and educational resources for business owners educate business owners on the benefits and hazards of self-employment, help identify business opportunities for those interested in acquiring businesses, and help individuals identify and acquire financing for their business.
 - Small Business Sustainability Initiative: Grants of \$150,000 - \$300,000 for an SBDC to provide support to smaller and medium-sized businesses to: evaluate energy efficiency and green building opportunities, secure financing to achieve energy efficiency or to construct green buildings, assist entrepreneurs with clean technology development, and to help small businesses improve environmental performance by shifting to less hazardous materials and reducing waste at the source.

- Assistance in Securing Affordable Health Insurance: Grants of at least \$200,000 (no specified maximum amount) for an SBDC to: help business owners identify and secure affordable health insurance for their business and employees, work with health insurance providers in the area to identify health insurance premiums, attempt to negotiate lower health insurance premiums for small business concerns.
 - Requires SBDC recipients to submit a report to the SBA, within 18 months of receiving the grant, describing how the grant funds were used.
 - Requires the SBA to submit a report to Congress by March 31, 2009 containing an evaluation of this health insurance assistance grant program.
- Small Business Regulatory Assistance Grants: establishes a competitive grant program for SBDCs to compete for in each federal SBA region. The grants are of at least \$200,000 and there is an established formula based on state population to determine the maximum amount of a grant. This grant program does require state and local matching funds.
 - SBDCs recipients of these grants are to use the funds to:
 - Provide confidential, free-of-charge, one-on-one, in-depth counseling to the owners and operators of small business concerns regarding compliance with Federal and State regulations, and to;
 - Provide access to the internet and training on internet use, including navigation of government regulatory agency websites.
 - Requires SBDCs to report to the SBA on how the funds under this grant program are being used and a detailed account of the regulations that most affect small businesses. The SBA is then required to compile the list of which regulations most affect small businesses and submit an annual report to the President and Congress.
 - Requires the SBA to establish a website to aid small businesses that are attempting to comply with Federal regulations, and the site is to contain industry-specific regulatory compliance information.
- Eliminates the SBA's Active Corps of Executive (ACE) as it has become obsolete with the development of the SBA's Service Corps of Retired Executives (SCORE).
- Requires SCORE to implement a plan to increase the proportion of retired executive mentors who are from socially or economically disadvantaged backgrounds, and for SCORE to report to the SBA Administrator annually on the progress of implementing the plan.

- Requires SCORE to establish benchmarks for evaluating the performance of its activities and the performance of its volunteers and to submit an annual report to the SBA Administrator on the extent to which SCORE is attaining its benchmarks. The benchmarks are to include:
 - Demographic and geographic characteristics of persons assisted by SCORE,
 - The number of hours spent mentoring by SCORE volunteers, and;
 - Benchmarks relating to the performance of persons assisted by SCORE.

Background

The Office of Small Business Development Centers (SBDC): “provides management assistance to current and prospective small business owners. SBDCs offer one-stop assistance to individuals and small businesses by providing a wide variety of information and guidance in central and easily accessible branch locations. The program is a cooperative effort of the private sector, the educational community and federal, state and local governments and is an integral component of Entrepreneurial Development's network of training and counseling services” ([SBDC website](#)).

There are currently over 1,100 SBDC offices, which are based in universities, colleges, and state economic development agencies. SBDCs are funded by state and local partnerships to match Federal funds from the Small Business Administration.

Cost

At the time of publication a Congressional Budget Office (CBO) estimate for H.R. 2359 was not available.

Staff Contact

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